

Message Text

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ORIGIN SS-07

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

S E C R E T STATE 139646

EXDIS TOSEC 52

E.O. 11652: GDS

TAGS: OVIP (ROGERS, WILLIAM)

SUBJECT: SPECIAL SUMMARY NUMBER SEVEN

1. FRENCH REACTION TO DOLLAR DECLINE

FRANCE HAS REACTED VIOLENTLY TO THE LATEST DECLINE OF THE DOLLAR IN EUROPEAN MARKETS AND HAS CALLED FOR THE POSTPONEMENT OF THE MULTILATERAL TRADE NEGOTIATIONS (MTN) UNTIL INTERNATIONAL MONETARY ORDER IS RESTORED. EMBASSY PARIS DOES NOT BELIEVE, HOWEVER, THAT FRENCH BEHAVIOR CAN BE EXPLAINED SOLELY IN TERMS OF A DESIRE TO GET OUT OF THEIR COMMITMENT TO THE MTN. FRANCE PROBABLY PREFERS TO POSTPONE MTN FOR A YEAR OR TWO UNTIL THE US BALANCE OF PAYMENTS IS IN BETTER SHAPE AND THE US WOULD PRESUMABLY BE A LESS DIFFICULT NEGOTIATING OPPONENT. EMBASSY PARIS BELIEVES THAT THE FRENCH, RIGHTLY OR WRONGLY, ARE GENUINELY CONCERNED ABOUT THE ECONOMIC AND POLITICAL IMPLICATIONS OF A CONTINUED DEPRECIATION OF THE DOLLAR AND ARE USING THE THREAT TO POSTPONE THE MTN AS ONE OF THEIR FEW

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AVAILABLE LEVERS TO FORCE THE US TO SUPPORT THE

DOLLAR. THE EMBASSY BELIEVES FRENCH BEHAVIOR OVER THE PAST SEVERAL DAYS CAN BE EXPLAINED IN TERMS OF FOUR FUNDAMENTAL FRENCH FEARS. FIRST, FRANCE SEES THE CONTINUED DEPRECIATION OF THE DOLLAR AS A DIRECT THREAT TO FRENCH EXPORTS WHICH ARE STILL REGARDED HERE AS VITAL ELEMENTS OF ECONOMIC GROWTH AND INCREASINGLY WONDERS HOW FAR THE US CAN BE TRUSTED IN FULFILLING ANY MTN COMMITMENTS. SECOND, FRANCE FEARS THAT CONTINUED SPECULATIVE PRESSURES AGAINST THE DOLLAR MAY FORCE GERMANY INTO A UNILATERAL FLOAT, THUS ENDING THE SNAKE AND SERIOUSLY DAMAGING FRENCH HOPES FOR THE CREATION OF EC MONETARY UNION WHICH IS ONE OF THE CENTRAL OBJECTIVES OF POMPIDOU'S FOREIGN POLICY. THIRD, THERE IS A SOMEWHAT VAGUE BUT GENUINE FEAR THAT THE COLLAPSE OF THE DOLLAR WOULD LEAD TO A BREAKDOWN OF THE MONETARY SYSTEM, PROTECTIVE TRADE MEASURES, AND AN UNRAVELING OF WORLD TRADE. AND FOURTH, MOST FRENCHMEN STILL TEND TO ESTABLISH A DIRECT LINK BETWEEN INTERNATIONAL MONETARY UNCERTAINTY AND DOMESTIC INFLATION. THE PRESENT SITUATION IS COMPLICATED BY POMPIDOU'S GROWING FRUSTRATION OVER THE LACK OF PROGRESS WITH MOST OF HIS MAJOR DOMESTIC, EUROPEAN , AND INTERNATIONAL INITIATIVES. (LIMITED OFFICIAL USE)
PARIS 19376, 7/16.

2. LAO RIGHT FAVORS SLOWING DOWN THE PACE OF NEGOTIATIONS

FOLLOWING DISCUSSIONS WITH THE LAO DEPUTY PRIME MINISTER, WHO IS ALSO THE NOMINAL LEADER OF THE LAO RIGHT, CHARGE DEAN REPORTS THAT THE RIGHT OPPOSES SOUVANNA'S PRESENT NEGOTIATIONS WITH THE LAO COMMUNISTS AND BELIEVES THAT THE GOVERNMENT SHOULD NOT RUSH INTO AN AGREEMENT. THE RIGHTISTS POINT OUT THAT THEY HAVE A CEASE-FIRE THAT WORKS AND, THEREFORE, THEY NEED NOT MAKE CONCESSIONS
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TO THE COMMUNISTS TO BRING THEM INTO THE GOVERNMENT. ACCORDING TO SOUVANNA, ALTHOUGH NEGOTIATIONS ARE STILL ON THE TRACK, THEY MAY TAKE LONGER THAN EXPECTED BECAUSE HE WANTS TO FURTHER TEST THE SERIOUSNESS OF THE COMMUNISTS TO JOIN THE NATIONAL COMMUNITY. DEAN POINTS OUT THAT THE PRESENT EFFECTIVE CEASE-FIRE WITHOUT COMMUNIST PARTICIPATION IN THE GOVERNMENT IS THE BEST OF ALL WORLDS FOR THE RIGHTISTS AND PRAISES SOUVANNA FOR

TRYING TO FIND A LASTING POLITICAL SETTLEMENT RATHER
THAN PRESERVE THE STATUS-QUO. (CONFIDENTIAL) VIENTIANE
4981, 7/16.

3. SUHARTO PLEASSED WITH POSITIVE REPLY TO DESTROYER
REQUEST

AMBASSADOR GALBRAITH REPORTS THAT PRESIDENT SUHARTO
EXPRESSED HIS PLEASURE AT RECEIVING THE PRESIDENT'S
POSITIVE REPLY TO SUHARTO'S EARLIER REQUEST THAT ONE
DESTROYER BE TRANSFERRED TO THE INDONESIAN NAVY.
ACCORDING TO THE PRESIDENT'S REPLY INDONESIA WILL
GET THREE DESTROYERS, THE FIRST TO BE DELIVERED IN
EARLY 1974. (SECRET) STATE 138238, 7/13, AND JAKARTA
8492, 7/16. (EXDIS)

4. GREEK PRIME MINISTER ASSURES "MOST GENUINE AND TRUE
FREEDOM"

ON JULY 16, AMBASSADOR TASCA PERSONALLY GAVE GREEK
PRIME MINISTER PAPADOPOULOS THE US MESSAGE ON THE
IMPORTANCE WE ATTACH TO THE FREEDOM OF CHOICE WHICH
SHOULD BE PROVIDED BY THE UPCOMING PLEBISCITE THE PRIME
MINISTER STATED CATEGORICALLY THAT BOTH THE PLEBISCITE
AND THE SUBSEQUENT ELECTIONS WOULD BE HELD IN "MOST
GENUINE AND TRUE FREEDOM." PAPADOPOULOS ALSO MENTIONED
RECENT ASPERSIONS WHICH HAD BEEN CAST ON THE GREEK ARMED
FORCES AND THE PROBLEM OF HOMEPORTING; THESE ITEMS, HE
SAID, WERE CAUSING CONCERN. AMBASSADOR TASCA REITERATED
THAT THESE WERE ISSUES USED BY PRESENT ENEMIES AND THAT
THE REAL WAY TO SOLVE THE SITUATION WAS TO SHOW THAT
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THE PLEBECITE AND ELECTIONS ARE TRULY FREE. (SECRET)
ATHENS 4831, 7/16. (EXDIS)

5. POSSIBLE COUP IN AFGANISTAN

EMBASSY KABUL REPORTS A SERIES OF EXPLOSIONS (PROBABLY
TANK FIRE) FROM THE DIRECTION OF THE ROYAL PALACE
AT APPROXIMATELY 0800 TOKYO TIME JULY 17. THE EXPLOSIONS
WERE FOLLOWED BY SMALL ARMS FIRE. AT PRESENT ARMY
TANKS ARE ENTERING THE CITY PAST THE US EMBASSY. A
COUP ATTEMPT IS APPARENTLY IN PROGRESS. THE EMBASSY
HAS NOT YET ASCERTAINED WHO MAY BE INVOLVED. (LIMITED
OFFICIAL USE) KABUL 5188, 7/17. (FLASH)

6. NO CODEWORD SUPPLEMENT.

RUSH

SECRET

NNN

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